

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Albee		County Saginaw	
Audit Date 3/31/04		Opinion Date 5/21/04		Date Accountant Report Submitted to State: 6/11/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	x		
Reports on individual federal financial assistance programs (program audits).			x
Single Audit Reports (ASLGU).			x

Certified Public Accountant (Firm Name) Barry E. Gaudette, CPA, PC			
Street Address 1107 E. Eighth Street		City Traverse City	State MI
Accountant Signature <i>Barry E. Gaudette, CPA</i>		ZIP 49686	

TOWNSHIP OF ALBEE
SAGINAW COUNTY, MICHIGAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
AND
REPORTS ON INTERNAL CONTROL AND
COMPLIANCE

TOWNSHIP OF ALBEE
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March 31, 2004

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INTRODUCTORY SECTION

TOWNSHIP OF ALBEE

ORGANIZATION

MARCH 31, 2004

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TOWNSHIP BOARD MEMBERS

Leon Turnwald	Supervisor
Thomas J. Gasser	Clerk
Ron Kulhanek	Treasurer
Gary Briggs	Trustee
Doris Wasmiller	Trustee

Members of the Township Board
Township of Albee
Saginaw County, Michigan

Independent Auditor's Report

We have audited the accompanying financial statements of the Township of Albee, Michigan, as of March 31, 2004, and for the year then ended as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Township of Albee, Michigan, as of March 31, 2004, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2004, on our consideration of Township of Albee's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Township of Albee
Independent Auditor's Report
Page Two

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental financial data listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Township of Albee. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Randy E. Vandell, CPA, PC

May 21, 2004

FINANCIAL SECTION

Basic Financial Statements

TOWNSHIP OF ALBEE
COMBINED BALANCE SHEETS
ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004
=====

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<u>ASSETS</u>			
Cash	\$ 90,749	\$ 88,067	\$
Taxes receivable	4,712	20,190	
Due from other funds	585		
Prepaid expenses	5,763		
Land & improvements			
Buildings			
Machinery & equipment			
Amount to be provided for retirement of long-term debt			
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$101,809</u>	<u>\$108,257</u>	<u>\$</u>
<u>LIABILITIES & FUND EQUITY</u>			
LIABILITIES:			
Accounts payable	\$ 5,403	\$ 6,665	\$
Accrued liabilities	1,348		
Due to other funds			
Notes payable-current			
Notes payable-long term			
Bonds payable-current			
Bonds payable-long term			
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>6,751</u>	<u>6,665</u>	<hr/>
FUND EQUITY:			
Investment in general fixed assets			
Fund balance:			
Reserved	61,130		
Unreserved	<u>33,928</u>	<u>101,592</u>	<hr/>
	<hr/>	<hr/>	<hr/>
TOTAL FUND EQUITY	<u>95,058</u>	<u>101,592</u>	<hr/>
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES & FUND EQUITY	<u>\$101,809</u>	<u>\$108,257</u>	<u>\$</u>

See notes to financial statements

Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
Trust and Agency	General Fixed Assets	General Long-Term Debt	March 31,	
			2004	2003
\$ 585	\$	\$	\$ 179,401	\$ 123,210
			24,902	28,453
			585	418
			5,763	4,101
	156,411		156,411	156,411
	905,861		905,861	905,861
	427,020		427,020	306,502
		672,093	672,093	718,647
<u>\$ 585</u>	<u>\$1,489,292</u>	<u>\$ 672,093</u>	<u>\$2,372,036</u>	<u>\$2,243,603</u>
\$	\$	\$	\$ 12,068	\$ 9,830
			1,348	1,330
585			585	418
		61,902	61,902	41,750
		610,191	610,191	221,897
				6,000
				449,000
<u>585</u>		<u>672,093</u>	<u>686,094</u>	<u>730,225</u>
	1,489,292		1,489,292	1,368,774
			61,130	28,349
			135,520	116,255
	<u>1,489,292</u>		<u>1,685,942</u>	<u>1,513,378</u>
<u>\$ 585</u>	<u>\$1,489,292</u>	<u>\$ 672,093</u>	<u>\$2,372,036</u>	<u>\$2,243,603</u>

TOWNSHIP OF ALBEE
**COMBINED STATEMENTS OF REVENUE, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED MARCH 31, 2004**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
REVENUES:			
Taxes	\$ 43,394	\$ 62,160	\$
Licenses & permits	13,976		
Federal grants	114,800		
State grants	165,808		
Charges for services	12,912	87,120	
Interest & rents	43,171	330	
Other	10,754		
	<u>404,815</u>	<u>149,610</u>	
TOTAL REVENUES			
EXPENDITURES:			
Current:			
Legislative	38,725		
General government	112,167		
Public safety	36,263	6	
Public works	54,740	73,169	
Health & welfare	670		
Culture & recreation	652		
Capital outlay	120,518		
Debt service		65,469	
	<u>363,735</u>	<u>138,644</u>	
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>41,080</u>	<u>10,966</u>	
OTHER FINANCING SOURCES (USES):			
Operating transfers in			
Operating transfers (out)			
TOTAL OTHER FINANCING SOURCES (USES)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	41,080	10,966	
FUND BALANCE, beginning	<u>53,978</u>	<u>90,626</u>	
FUND BALANCE, ending	<u>\$ 95,058</u>	<u>\$ 101,592</u>	<u>\$</u>

See notes to financial statements

<u>Totals (Memorandum Only)</u>	
March 31,	
<u>2004</u>	<u>2003</u>
\$ 105,554	\$ 110,882
13,976	12,431
114,800	
165,808	180,165
100,032	100,293
43,501	38,776
<u>10,754</u>	<u>38,058</u>
<u>554,425</u>	<u>481,605</u>
38,725	35,309
112,167	89,099
36,269	79,046
127,909	173,335
670	786
652	5,835
120,518	135,664
<u>65,469</u>	<u>65,833</u>
<u>502,379</u>	<u>584,907</u>
<u>52,046</u>	<u>(103,302)</u>
	36,050
	<u>(36,050)</u>
52,046	(103,302)
<u>144,604</u>	<u>247,906</u>
<u>\$ 196,650</u>	<u>\$ 144,604</u>

TOWNSHIP OF ALBEE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL, SPECIAL
REVENUE AND DEBT SERVICE FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

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	General Fund		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 42,000	\$ 43,394	\$ 1,394
Licenses & permits	12,686	13,976	1,290
Federal grants		114,800	114,800
State grants	175,000	165,808	(9,192)
Charges for services	13,000	12,912	(88)
Interest & rents	38,250	43,171	4,921
Other	16,400	10,754	(5,646)
TOTAL REVENUES	<u>297,336</u>	<u>404,815</u>	<u>107,479</u>
EXPENDITURES:			
Current:			
Legislative	41,854	38,725	3,129
General government	108,615	112,167	(3,552)
Public safety	49,539	36,263	13,276
Public works	60,375	54,740	5,635
Health & welfare	850	670	180
Culture & recreation	2,400	652	1,748
Capital Outlay	135,200	120,518	14,682
Debt service			
TOTAL EXPENDITURES	<u>398,833</u>	<u>363,735</u>	<u>35,098</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(101,497)</u>	<u>41,080</u>	<u>142,577</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in			
Operating transfers (out)	<u>(36,050)</u>		<u>36,050</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(36,050)</u>		<u>36,050</u>
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	<u>(137,547)</u>	<u>41,080</u>	<u>178,627</u>
FUND BALANCE, beginning	<u>22,746</u>	<u>53,978</u>	<u>31,232</u>
FUND BALANCE, ending	<u>\$ (114,801)</u>	<u>\$ 95,058</u>	<u>\$ 209,859</u>

See notes to financial statements

<u>Special Revenue Funds</u>		
<u>Amended</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
\$	\$ 62,160	\$ 62,160
87,450	87,120 330	(330) 330
<u>87,450</u>	<u>149,610</u>	<u>62,160</u>
87,450	6 73,169	(6) 14,281
<u>87,450</u>	<u>65,469</u>	<u>(65,469)</u>
<u>87,450</u>	<u>138,644</u>	<u>(51,194)</u>
<u>10,966</u>	<u>10,966</u>	<u>10,966</u>
	10,966	10,966
<u>90,626</u>	<u>90,626</u>	<u>90,626</u>
<u>\$</u>	<u>\$101,592</u>	<u>\$101,592</u>

TOWNSHIP OF ALBEE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The Township of Albee (Township) complies with Generally Accepted Accounting Principles (GAAP). The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the Township's financial activities for the fiscal year ended March 31, 2004.

B. Reporting Entity

The Township of Albee operates under a Board-Supervisor form of government and provides services to its 2,338 residents in many areas including public safety, street development, sanitation, recreational programs and general administrative services.

In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in NCGA Statement 3. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Township's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Township and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Township and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the

TOWNSHIP OF ALBEE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Reporting Entity - Continued

Township is able to exercise oversight responsibilities. Based upon the application of these criteria, the financial statements of certain other governmental organizations are not included in these financial statements.

C. Funds and Account Groups

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund balance and revenues and expenditures or expenses, as appropriate.

Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two broad fund type categories and four funds as follows:

Governmental Fund Types

These funds are those through which most governmental functions typically are financed. The focus of Governmental Fund measurement is upon determination of financial position and changes in financial position (sources, uses and balances of the financial resources) rather than upon net income. The following is a description of the Governmental Fund Types of the Township:

General Fund

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, State distributions and grants, and other intergovernmental revenues.

TOWNSHIP OF ALBEE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Funds and Account Groups - Continued

Governmental Fund Types - Continued

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes. The Refuse Collection Fund and the Fire Station Fund are the Township's Special Revenue Funds.

Debt Service Fund

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Fiduciary Fund Type

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Township has one Fiduciary Fund as follows:

Agency Funds

Agency Funds are purely custodial in nature (assets equal liabilities) and thus, do not involve measurement of results of operations. The Township's Current Tax Collection and Gross Drain Funds are Agency Funds.

TOWNSHIP OF ALBEE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Funds and Account Groups - Continued

Account Groups

Account Groups are not funds; they do not reflect available financial resources and related liabilities, but are accounting records of the following:

General Fixed Assets Account Group

The General Fixed Assets Account Group is used to maintain control and cost information for all fixed assets other than those accounted for in the Proprietary and Non-Expendable Trust Funds.

General Long-Term Debt Account Group

The General Long-Term Debt Account Group is used to record the outstanding long-term obligations not otherwise recorded in Proprietary or Non-Expendable Trust Funds.

D. Total Columns (Memorandum Only)

Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to aid in financial analysis. Interfund eliminations have not been made in the aggregation of this data; and it is, therefore, not comparable to a consolidation.

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Modified Accrual

All Governmental Funds (General and Special Revenue Funds) are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, property taxes and other revenues are recorded when susceptible to accrual; i.e., both

TOWNSHIP OF ALBEE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Basis of Accounting - Continued

Modified Accrual - Continued

measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Taxpayer-assessed income, gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seem certain.

F. Budgets

Annual operating budgets are adopted by the Township Board for the General and Special Revenue Funds in accordance with Public Act 621 of 1978. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to March 1st, the Township Clerk submits to the Township Board, a proposed operating budget for the fiscal Year commencing the following April 1st. The operating budget includes proposed expenditures and the means of financing them for the General and Special Revenue Funds.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to April 1st, the budget is legally enacted through passage of a resolution.
- d. Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- e. Budget appropriations lapse at year end.
- f. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Township Board.

TOWNSHIP OF ALBEE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. Encumbrance System

The Township does not use an encumbrance system.

H. Assets and Liabilities

1. Cash and investments

Michigan Compiled Laws, Section 129.91, authorizes the Township of Albee to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involve no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated two banks for the deposit of Township funds.

The Township's deposits and investments are in accordance with statutory authority.

TOWNSHIP OF ALBEE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Assets and Liabilities - Continued

2. Inventories

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. Proprietary fund inventories are not recorded.

3. Fixed Assets and Depreciation

Property, plant, and equipment of all funds are stated at historical cost. Donated fixed assets are stated at their fair market value on the date donated. Governmental fund fixed assets are recorded in the General Fixed Asset Account Group and are not depreciated.

4. Capitalized Interest

Generally accepted accounting principles require that interest expenditures incurred during construction of assets be capitalized. They are capitalized only to the extent that interest cost exceeds interest earned on related interest bearing investments. The Township did not capitalize interest on fixed assets in the current fiscal year.

I. Allowance for Doubtful Accounts

The Township does not use an allowance for doubtful accounts.

J. Accrued Vacation and Sick Leave

The Township does not maintain a policy providing sick and vacation benefits for its employees.

K. Fund Balance Reserve

The Fund Balance Reserve reflects an offset for restricted cash and prepaid expenses. Under the modified accrual basis of accounting, when restricted cash and prepaid expenses are reported in the financial statements, they are to be equally offset by a fund

TOWNSHIP OF ALBEE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K. Fund Balance Reserve - Continued

balance reserve account. This indicates that even though restricted cash and prepaid expenses are components of net current assets, they do not represent "available spendable resources". The fund balance reserve indicates that the restricted cash and prepaid expenses, reported on the financial statements, are designated for a specific uses and, therefore, are not "available spendable resources". The Township's reserve consists of prepaid insurance and Bond Debt Reserve.

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budget expenditures for the budgetary funds have been shown on a functional basis.

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Total</u> <u>Appropriations</u>	<u>Amount of</u> <u>Expenditures</u>	<u>Budget</u> <u>Variance</u>
General Fund:			
General Government:			
Assessor	\$ 15,000	\$ 17,854	\$ (2,854)
Township Hall	41,600	47,583	(5,983)
Cemetery	1,000	1,410	(410)
Fire Station Fund:			
Public Safety:			
Service charges		6	(6)
Debt service		65,469	(65,469)

TOWNSHIP OF ALBEE
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

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NOTE 3: DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS

A. Assets

1. Deposits and Investments

The Township's deposits are in accordance with statutory authority. The GASB Statement No. 3 risk disclosure for the Township's cash deposits are as follows:

	<u>Bank Balance</u>	<u>Book Balance</u>
Insured	\$ 179,403	\$ 179,401
Uninsured		
Total	<u>\$ 179,403</u>	<u>\$ 179,401</u>

2. Property Taxes Receivable and Property Tax Calendar

	<u>Mills</u>	<u>Adjusted Levy</u>	<u>Collections</u>	<u>Delinquent</u>
Township-General	<u>.9279</u>	<u>\$ 43,394</u>	<u>\$ 38,682</u>	<u>\$ 4,712</u>

Property taxes are attached as an enforceable lien on property as of December 1st. Taxes are levied December 1st and are due without penalty on or before March 1st. These tax bills include the Township's own property taxes and taxes billed on behalf of the County and School Districts within the Township boundaries. Real property taxes not collected as of March 1st are returned to Saginaw County for collection, which advances the Township 100 percent for the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

The Township's Taxable Valuation is \$46,839,908.

The levy may vary due to S.E.V. adjustments ordered by the Michigan Tax Tribunal and/or individual Board of Review adjustments.

TOWNSHIP OF ALBEE
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

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NOTE 3: DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS - Continued

A. Assets

2. Property Taxes Receivable and Property Tax Calendar - Continued

Property tax revenues are recognized in the fiscal year for which they have been levied and become available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay current period liabilities. The current period referred to here is a period of time not exceeding 60 days.

3. Property and Equipment

A summary of the changes in general fixed assets follows:

	04/01/03 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	03/31/04 <u>Balance</u>
Land	\$ 84,176	\$	\$	\$ 84,176
Land improvements	72,235			72,235
Buildings	550,900			550,900
Building-Fire	354,961			354,961
Machinery & Equipment:				
Office	5,328			5,328
Parks	25,091			25,091
Fire	273,834	120,518		394,352
Township Hall	1,634			1,634
Other	<u>615</u>	<u> </u>	<u> </u>	<u>615</u>
 Total	 <u>\$1,368,774</u>	 <u>\$ 120,518</u>	 <u>\$</u>	 <u>\$1,489,292</u>

TOWNSHIP OF ALBEE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)
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NOTE 3: DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS - Continued

B. Liabilities

1. Bonds Payable

All bonds payable at March 31, 2004 are accounted for through the General Fund. Bond information is as follows:

A summary of changes is as follows:

Balance Due, beginning	\$ 460,000
Principal Paid, current period	<u>(460,000)</u>
Balance Due, ending	<u>\$ -</u>

The Bond Payable was remortgaged with Montrose State Bank on April 7, 2003.

Specific detail and requirements of each Bond Issue are as follows:

Name of Issue Township of Albee Building Authority General Obligation Bonds, Series 1991

Date of Issue April 1, 1991

Purpose For the acquisition, construction and equipping by the Township of Albee Building Authority of a new community service center and related site improvements.

Amount of Issue \$500,000.00

Interest Rate 6.75 Percent

Payment Provisions The bonds of this issue are to be paid from the revenues derived from the rental of the center. The Township has pledged its full faith and credit and taxing power.

TOWNSHIP OF ALBEE
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

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NOTE 3: DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS - Continued

B. Liabilities - Continued

2. Note Payable - Community Center Building

The Township paid off the Bond due the Federal Government in the amount of \$460,000 on April 7, 2003, by borrowing from the Montrose State Bank. The terms are payments of \$33,847.43 due annually on April 6th of each year at an interest rate of 4.65% The maturity date is April 6, 2025.

These note payments are accounted for through the General Fund. Note information is as follows:

Note Payable - Community Center Building as of March 31, 2004	\$ 460,000
Less Current Maturities	<u>(12,457)</u>
Total Note Payable - Long Term	<u>\$ 447,543</u>

A summary of changes is as follows:

Balance Due, beginning	\$ -
Note proceeds	<u>460,000</u>
Balance Due, ending	<u>\$ 460,000</u>

Maturities of Note Payments for each of the next five years are as follows:

2004	\$ 12,457.43
2005	13,036.70
2006	13,642.91
2007	14,277.30
2008	14,889.40
Thereafter	<u>391,696.26</u>
Total	<u>\$460,000.00</u>

TOWNSHIP OF ALBEE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

=====

NOTE 3: DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS - Continued

B. Liabilities - Continued

3. Note Payable - Fire Station Building

The Township borrowed \$280,392.32 from the Montrose State Bank during the fiscal year ended March 31, 2002, for a construction loan, to build a fire station building. The terms are payments of \$59,334.32 due annually on June 15th of each year at an interest rate of 4.65%. The maturity date is June 15, 2007.

All notes payable at March 31, 2004 are accounted for through the Fire Station Fund. The Note information is as follows:

Note Payable - Fire Station Building as of March 31, 2004	\$ 212,093
Less Current Maturities	<u>(49,445)</u>
Total Notes Payable - Long Term	<u>\$ 162,648</u>

A summary of changes is as follows:

Balance Due, beginning	\$ 268,147
Principal Paid, current period	<u>(56,054)</u>
Balance Due, ending	<u>\$ 212,093</u>

Maturities of Note Payments for each of the next five years are as follows:

2004	\$ 49,445.00
2005	51,771.20
2006	54,178.57
2007	<u>56,697.86</u>
Total	<u>\$212,092.63</u>

TOWNSHIP OF ALBEE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

=====

NOTE 3: DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS - Continued

B. Liabilities - Continued

4. Risk management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical benefits claims and participates in the Michigan Municipal League & Property Pool for claims relating to general liability, excess liability, auto liability, trunkline liability, errors and omissions, physical damage (equipment, buildings and contents) and workers compensation.

This policy complies with Act 294, P.A. 1972, as amended.

C. Interfund Transactions

Following is a description of the basic types of interfund transactions and the related accounting policy:

Transactions for services rendered or facilities provided; these transactions are recorded as revenue in the receiving fund and expenditures in the disbursing fund.

Transactions to transfer revenue or contributions from the fund budgeted to receive them to the fund budgeted to expend them; these transactions are recorded as transfers in and transfers out.

Interfund transactions are not eliminated for financial presentation purposes.

The Tax Collection Fund owes the General Fund \$585 as of March 31, 2004.

NOTE 4: PENSION PLAN

The Township does not provide a pension plan for its employees.

TOWNSHIP OF ALBEE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 5: INDIVIDUAL FUNDS PRESENTATION

The General and Debt Service Funds are the only Township funds of their individual fund kind. Therefore, they are not presented in a combining statement in the supplemental data portion of this report.

NOTE 6: RELATED PARTY TRANSACTIONS

Nothing came to our attention during the audit effort that would warrant separate mention related to transactions between the Township and its employees and/or elected officials.

NOTE 7: SUBSEQUENT EVENTS

A letter dated May 27, 2004, was received from the Saginaw County Road Commission indicating that Albee Township has an outstanding balance of \$41,385.24 owed by Albee Township for prior completed Road related projects. The Township may have to prepay for projects in the future if this issue is not resolved.

NOTE 8: COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

SUPPLEMENTARY DATA SECTION

Combining and Individual Fund Statements

TOWNSHIP OF ALBEE
COMPARATIVE BALANCE SHEETS
GENERAL FUND
MARCH 31, 2004 AND 2003
=====

	<u>Totals</u>	
	March 31,	
	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash	\$ 90,749	\$ 49,299
Taxes receivable	4,712	5,181
Due from other funds	585	418
Prepaid expenses	<u>5,763</u>	<u>4,101</u>
TOTAL ASSETS	<u>\$101,809</u>	<u>\$ 58,999</u>
<u>LIABILITIES & FUND BALANCE</u>		
LIABILITIES:		
Accounts payable	\$ 5,403	\$ 3,691
Accrued liabilities	<u>1,348</u>	<u>1,330</u>
Total Liabilities	<u>6,751</u>	<u>5,021</u>
FUND BALANCE:		
Reserved	61,130	28,349
Unreserved	<u>33,928</u>	<u>25,629</u>
Total Fund Balance	<u>95,058</u>	<u>53,978</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$101,809</u>	<u>\$ 58,999</u>

TOWNSHIP OF ALBEE
 COMBINING BALANCE SHEETS
 ALL SPECIAL REVENUE FUNDS
 MARCH 31, 2004
 =====

	Refuse Collection	Fire Station	<u>Totals</u> March 31, <u>2004</u> <u>2003</u>	
<u>ASSETS</u>				
Cash	\$ 87,563	\$ 504	\$ 88,067	\$ 73,493
Special assessments receivable	<u>12,210</u>	<u>7,980</u>	<u>20,190</u>	<u>23,272</u>
 TOTAL ASSETS	 <u>\$ 99,773</u>	 <u>\$ 8,484</u>	 <u>\$108,257</u>	 <u>\$ 96,765</u>
 <u>LIABILITIES & FUND BALANCE</u>				
 LIABILITIES:				
Accounts payable	\$ 6,665	\$	\$ 6,665	\$ 6,139
 FUND BALANCE:				
Unreserved	<u>93,108</u>	<u>8,484</u>	<u>101,592</u>	<u>90,626</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 99,773</u>	 <u>\$ 8,484</u>	 <u>\$108,257</u>	 <u>\$ 96,765</u>

TOWNSHIP OF ALBEE
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
 FOR THE YEAR ENDED MARCH 31, 2004
 =====

Tax Collection Fund

	Balance March 31, <u>2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance March 31, <u>2004</u>
<u>ASSETS</u>				
Cash - checking	\$ 418	<u>\$1,350,594</u>	<u>\$1,350,427</u>	<u>\$ 585</u>
<u>LIABILITIES</u>				
Due to general fund	\$ 418	\$ 61,013	\$ 60,846	\$ 585
Due to refuse fund		87,120	87,120	
Due to fire station		62,160	62,160	
Due to other governments		<u>1,140,301</u>	<u>1,140,301</u>	
	<u>\$ 418</u>	<u>\$1,350,594</u>	<u>\$1,350,427</u>	<u>\$ 585</u>

TOWNSHIP OF ALBEE
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 ALL SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED MARCH 31, 2004**

=====

	<u>Refuse Collection</u>	<u>Fire Station</u>	<u>Totals</u>	
			<u>March 31, 2004</u>	<u>2003</u>
REVENUES:				
Taxes - special assessments	\$	\$62,160	\$ 62,160	\$ 66,870
Charges for services	87,120		87,120	87,450
Interest	<u>330</u>		<u>330</u>	<u>532</u>
TOTAL REVENUES	<u>87,450</u>	<u>62,160</u>	<u>149,610</u>	<u>154,852</u>
EXPENDITURES:				
Public Works:				
Refuse collection	73,169		73,169	87,714
Public Safety:				
Service charges		6	6	
Capital outlay				89,642
Debt service		<u>65,469</u>	<u>65,469</u>	<u>29,783</u>
TOTAL EXPENDITURES	<u>73,169</u>	<u>65,475</u>	<u>138,644</u>	<u>207,139</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	14,281	(3,315)	10,966	(52,287)
FUND BALANCE, beginning	<u>78,827</u>	<u>11,799</u>	<u>90,626</u>	<u>142,913</u>
FUND BALANCE, ending	<u>\$ 93,108</u>	<u>\$ 8,484</u>	<u>\$101,592</u>	<u>\$ 90,626</u>

TOWNSHIP OF ALBEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2004

=====

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 42,000	\$ 43,394	\$ 1,394
Licenses & permits	12,686	13,976	1,290
Federal grants		114,800	114,800
State grants	175,000	165,808	(9,192)
Charges for services	13,000	12,912	(88)
Interest & rents	38,250	43,171	4,921
Other	<u>16,400</u>	<u>10,754</u>	<u>(5,646)</u>
TOTAL REVENUES	<u>297,336</u>	<u>404,815</u>	<u>107,479</u>
 EXPENDITURES:			
Current:			
Legislative:			
Township Board:			
Trustees	2,640	2,640	
Payroll taxes	4,166	4,249	
Supplies	6,000	2,199	
Attorney fees	2,000	2,503	
CPA/auditor	2,200	2,250	
Training & conference	4,000	2,657	
Trailer fees	1,398	1,310	
News publications	2,000	1,235	
Insurance	14,250	14,570	
Miscellaneous	2,000	4,059	
Dues & subscriptions	<u>1,200</u>	<u>1,053</u>	
Total Township Board	<u>41,854</u>	<u>38,725</u>	<u>3,129</u>
Total Legislative	<u>41,854</u>	<u>38,725</u>	<u>3,129</u>

TOWNSHIP OF ALBEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

=====

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES - Continued:			
Current:			
General Government:			
Supervisor:			
Wages	9,600	9,600	
Supplies	1,000	25	975
Assessor	15,000	17,854	(2,854)
Clerk:			
Wages	9,300	9,300	
Secretary	7,000	6,784	216
Supplies	1,000	519	481
Board of Review	675	675	
Treasurer:			
Wages	9,300	10,786	(1,486)
Supplies	3,500	2,765	735
Printing tax bills	6,550	4,430	2,120
Board of appeals	90		90
Elections	3,000	436	2,564
Township Hall:			
Wages	9,700	11,174	(1,474)
Supplies	2,000	1,960	40
Telephone	2,400	2,619	(219)
Snow removal	2,500	2,840	(340)
Utilities	8,000	7,420	580
Repairs & maintenance	10,000	14,823	(4,823)
Mowing	7,000	6,747	253
Cemetery	<u>1,000</u>	<u>1,410</u>	<u>(410)</u>
Total General Government	<u>108,615</u>	<u>112,167</u>	<u>(3,552)</u>

TOWNSHIP OF ALBEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES - Continued:			
Current:			
Public Safety:			
Police Department -			
Contracted Services	<u>5,909</u>	<u>3,500</u>	<u>2,409</u>
Fire Department:			
Wages	2,600	2,600	
Supplies	1,200	3,505	
Fire runs	2,200	2,975	
Telephone	720	771	
Fuel	600	1,057	
Training & conferences	2,600	1,240	
Utilities	4,700	4,764	
Repairs & maintenance	3,000	2,582	
Miscellaneous	1,000	542	
Dues	410	410	
Equipment	<u>4,000</u>	<u>1,744</u>	
Total Fire Department	<u>23,030</u>	<u>22,190</u>	<u>840</u>
Planning & Zoning:			
Fees	<u>10,600</u>	<u>1,920</u>	<u>8,680</u>
Building Inspection:			
Fees	8,000	8,653	
Supplies	<u>2,000</u>		
Total Building Inspection	<u>10,000</u>	<u>8,653</u>	<u>1,347</u>
Total Public Safety	<u>49,539</u>	<u>36,263</u>	<u>13,276</u>
Public Works:			
Roads and drains	57,375	51,864	5,511
Street lights	<u>3,000</u>	<u>2,876</u>	<u>124</u>
Total Public Works	<u>60,375</u>	<u>54,740</u>	<u>5,635</u>

TOWNSHIP OF ALBEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

=====

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES - Continued:			
Current:			
Health and Welfare	<u>850</u>	<u>670</u>	<u>180</u>
Culture & Recreation:			
Park:			
Repairs & maintenance	<u>2,400</u>	<u>652</u>	<u>1,748</u>
Capital Outlay	<u>135,200</u>	<u>120,518</u>	<u>14,682</u>
 TOTAL EXPENDITURES	 <u>398,833</u>	 <u>363,735</u>	 <u>35,098</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(101,497)</u>	 <u>41,080</u>	 <u>142,577</u>
 OTHER FINANCING SOURCES (USES):			
Operating transfers in			
Operating transfers (out)	<u>(36,050)</u>	<u> </u>	<u>36,050</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>(36,050)</u>	 <u> </u>	 <u>36,050</u>
 EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 <u>(137,547)</u>	 <u>41,080</u>	 <u>178,627</u>
 FUND BALANCE, beginning	 <u>22,746</u>	 <u>53,978</u>	 <u>31,232</u>
 FUND BALANCE, ending	 <u>\$ (114,801)</u>	 <u>\$ 95,058</u>	 <u>\$ 209,859</u>

TOWNSHIP OF ALBEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
REFUSE COLLECTION FUND
 FOR THE YEAR ENDED MARCH 31, 2004

=====

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Charges for services	\$ 87,450	\$ 87,120	\$ (330)
Interest		<u>330</u>	<u>330</u>
TOTAL REVENUES	87,450	87,450	
EXPENDITURES:			
Public Works:			
Refuse collection	<u>87,450</u>	<u>73,169</u>	<u>14,281</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$</u>	14,281	<u>\$ 14,281</u>
FUND BALANCE, beginning		<u>78,827</u>	
FUND BALANCE, ending		<u>\$ 93,108</u>	

TOWNSHIP OF ALBEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FIRE STATION FUND
 FOR THE YEAR ENDED MARCH 31, 2004

=====

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Taxes-special assessments	\$ <u> </u>	\$ <u>62,160</u>	<u>\$ 62,160</u>
EXPENDITURES:			
Public Safety:			
Service charges		6	(6)
Debt service:			
Principal		56,054	(56,054)
Interest	<u> </u>	<u>9,415</u>	<u>(9,415)</u>
TOTAL EXPENDITURES	<u> </u>	<u>65,475</u>	<u>(65,475)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ <u> </u></u>	(3,315)	<u>\$ (3,315)</u>
FUND BALANCE, beginning		<u>11,799</u>	
FUND BALANCE, ending		<u>\$ <u>8,484</u></u>	

Members of the Township Board
Township of Albee
Saginaw County, Michigan

**Report On Compliance and on Internal Control Over
Financial Reporting Based On An Audit Of
Financial Statements performed In Accordance
With Government Auditing Standards**

We have audited the financial statements of the Township of Albee as of and for the year ended March 31, 2004, and have issued our report thereon dated May 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township of Albee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Albee's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements

Report on Compliance and on Internal Control
In Accordance with Government Auditing Standards
Township of Albee
Page Two

Internal Control Over Financial Reporting - Continued

being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Michigan Department of Treasury, management and the Township Board and is not intended to be and should not be used by anyone other than these specified parties.

Sam E. Lundeth, CPA, PC

May 21, 2004

COMMENTS AND RECOMMENDATIONS

Members of the Township Board
Township of Albee
Saginaw County, Michigan

The following comments are based on observations made during the course of our examination for the year ended March 31, 2004.

Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Barry E. Gaudette, CPA, PC

May 21, 2004